

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 679 - HB 975**

April 30, 2021

**SUMMARY OF ORIGINAL BILL:** Reallocates the state sales tax revenue derived from the sale of admissions to all events occurring at the Nashville Fairgrounds Speedway and all sales of food, drinks, and merchandise sold on the premises in conjunction with those events to the municipality that the Nashville Fairgrounds Speedway is located in.

**CORRECTED FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue - \$65,400/FY21-22 and Subsequent Years

Increase Local Revenue - \$65,400/FY21-22 and Subsequent Years

Other Fiscal Impact - To the extent that the Nashville Fairgrounds Speedway's bid for a NASCAR series race is successful, the state would forgo an estimated \$734,600 in revenue each year. Local recurring revenue would increase by the same amount. The timing of any such impact cannot be estimated with reasonable certainty.

**SUMMARY OF AMENDMENT (008023):** Deletes and replaces language in the original bill such that the only substantive changes are to add recreational vehicles parked on the premises of the motor sports facility as part of the sales and use tax allocation and to change the effective date from effective upon becoming law to July 1, 2021.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the corrected fiscal note.**

Assumptions for the bill as amended:

- Based on information from the Nashville Fairgrounds Speedway, it is estimated that events at the speedway will generate \$1,246,659 in FY21-22 and subsequent years.
- Pursuant to Tenn. Code Ann. § 67-6-103(d)(1)(A)(v), the state sales tax rate subject to the proposed apportionment is 5.5 percent. The rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 4.603 percent.
- The recurring decrease in state revenue and corresponding recurring increase in local revenue is \$65,410  $[(\$1,246,659 \times 5.5\%) - (\$1,246,659 \times 5.5\% \times 4.603\%)]$ .

- Clarifying that the reallocation of sales and use tax from recreational vehicle parking at the motor sports facility is included in the reallocation of sales and use tax revenue generated from parking at the facility does not significantly change the overall total of sales tax revenue.
- On March 5, 2021, Metro Nashville signed a letter of intent with Bristol Motor Speedway to renovate the Nashville Fairgrounds Speedway and bring the National Association of Stock Car Auto Racing (NASCAR) back to this location. Such renovation would include an expansion of the Speedway to approximately 30,000 seats.
- Should the Speedway be added to the list of stadiums where NASCAR series race would take place, there would be a significant increase in total taxable sales. However, the certainty and timing of such future developments is unknown and cannot be reasonably estimated.
- The annual increase in taxable sales associated with the return of NASCAR and the Speedway's expansion is estimated to be approximately \$14,000,000. The recurring foregone state revenue and a corresponding recurring increase in local revenue is estimated to be \$734,557  $[(\$14,000,000 \times 5.5\%) - (\$14,000,000 \times 5.5\% \times 4.603\%)]$ .

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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